

## Audit Committee

13 January 2025

### Part 1 - Public

#### Recommendation to Cabinet – Council Decision



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Cabinet Members	Matt Boughton, Leader of the Council Kim Tanner, Cabinet Member for Finance and Housing
Responsible Officers	Management Team
Report Author	Sharon Shelton, Director of Finance and Transformation

#### Annual Audit Report 2023/24

### 1 Summary and Purpose of Report

- 1.1 Our external auditors (Grant Thornton UK LLP) are required to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report on the same to those charged with governance – which for this purpose is the Audit Committee – followed by Cabinet and Full Council.

### 2 Corporate Strategy Priority Area

- 2.1 Efficient services for all our residents, maintaining an effective council.
- 2.2 An assessment by the Council's external auditors on the arrangements for securing economy, efficiency and effectiveness in its use of resources along with recommendations for improvement.

### 3 Recommendations

- 3.1 Members are **RECOMMENDED** to:

- 1) Consider and approve the Auditor's Annual Report [Annex 1] for 2023/24;
- 2) Note the comments made in respect of the key recommendations from 2022/23;
- 3) Note and endorse the management comments to the 2023/24 value for money recommendations raised; and

- 4) Make any specific recommendations to Cabinet and/or Full Council as the Committee feels appropriate in light of the Annual Report.

#### **4 Introduction and Background**

- 4.1 Our external auditors (Grant Thornton UK LLP) are required to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources and to report on the same to those charged with governance - which for this purpose is the Audit Committee - followed by Cabinet and Full Council.
- 4.2 The last Annual Audit Report relating to the financial year 2022/23 was presented to this Committee in September 2023. Members might recall that two significant weaknesses in the Council's arrangements to improve economy, efficiency and effectiveness were highlighted relating to procurement and performance management. The Committee has been tracking progress against the action plan to remedy these over the past 12 months.
- 4.3 Due to the national audit backlog, different arrangements have applied to our audit for 2023/24, and this annual audit report is therefore a little later in being reported to Members.

#### **5 2023/24 Annual Audit Report**

- 5.1 Grant Thornton's report is attached at **[Annex 1]**.
- 5.2 The auditors report on three distinct areas, namely:
  - 1) Financial sustainability;
  - 2) Governance; and
  - 3) Improving economy, efficiency and effectiveness.
- 5.3 In terms of financial sustainability and governance it is pleasing to note that no significance weaknesses were found, albeit some improvement recommendations have been made.
- 5.4 In 2022/23, two significant weaknesses were identified in relation to improving economy, efficiency and effectiveness relating to **performance management** and **procurement**. Members of this Committee will know that both these items have featured on our strategic risk register for some time and have been monitored very carefully.
- 5.5 In relation to performance management the risk rating assessed by Management Team has been reducing steadily over the months and is now an amber risk. Pleasingly, the annual audit report recognises the good progress that has been achieved and the report concludes that the significant weakness highlighted has now been addressed.

- 5.6 In relation to procurement, good progress has also been made in addressing this weakness, with the commencement of the procurement partnership in May 2024 and the recent approval by Cabinet of the Procurement Strategy at its December 2024 meeting. Members will note from the Strategic Risk Register elsewhere on this agenda that the risk has been downgraded from red to amber.
- 5.7 That said, much of the good progress has occurred during the 2024/25 financial year and therefore it is not a surprise that, as this audit relates to 2023/24, Grant Thornton have found it necessary to indicate that the weakness still existed in 2023/24. They do however recognise the positive progress that has been achieved and will review the arrangements again in the 2024/25 audit.
- 5.8 There are, unsurprisingly, a number of improvement recommendations set out within the report. Management Team has considered each of these and provided a note of actions that will be taken.

## **6 Financial and Value for Money Considerations**

- 6.1 As set out in the Auditor's Annual Report.
- 6.2 The Auditor should not need to carry out any additional work as a result of this report and therefore no additional fees should accrue.

## **7 Risk Assessment**

- 7.1 Last year Grant Thornton identified two significant weaknesses leading to key recommendations. During the latest audit, it was acknowledged and reported that the weakness relating to performance management has been addressed.
- 7.2 In relation to procurement, during 2023/24 Grant Thornton felt that the weakness remaining: although recognised positive progress primarily in 2024/25. It will be important to ensure this weakness is "signed off" fully during 2024/25.
- 7.3 Other recommendations made also need to be addressed in order to protect the Council and its services to residents.

## **8 Legal Implications**

- 8.1 The Council's external auditor is required under s20(1)c) of the Local Audit and Accountability Act 2014 to satisfy themselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.
- 8.2 The Code of Audit Practice issued by the National Audit Office in 2020 requires us (Grant Thornton UK LLP) to report to you our commentary relating to proper arrangements.

## 9 Consultation and Communications

9.1 The Auditor's report will be available to the public through this agenda.

## 10 Implementation

10.1 To address the recommendations made, Management Team have agreed actions with anticipated timescales as set out in the report.

## 11 Cross Cutting Issues

11.1 Climate Change and Biodiversity

11.1.1 Climate change advice has not been sought in the preparation of the options and recommendations in this report.

11.2 Equalities and Diversity

11.2.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

Background Papers	None
Annexes	Annual Report from Grant Thornton